

Message Text

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21

ACTION EB-07

INFO OCT-01 EA-06 ISO-00 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 STR-01 TRSE-00 CIEP-01 FRB-03

OMB-01 L-02 /040 W

----- 077828

R 180912Z FEB 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 672

INFO AMEMBASSY BANGKOK

AMEMBASSY SEOUL

AMEMBASSY TAIPEI

C O N F I D E N T I A L MANILA 2101

E.O. 11652: GDS

TAGS: ETRD, RP

SUBJECT: COTTON CONTRACTS -- THE PRC CANCELLATION

REF: (A) STATE 29184; (B) STATE 21601; (C) STATE 34889

1. WE GATHER FROM REF A THAT AN AMICABLE SETTLEMENT HAS BEEN REACHED BETWEEN THE PARTIES RESPECTING CANCELLATION OF PRC CONTRACTS INVOLVING SIZEABLE PURCHASES OF U.S. COTTON. AS REPORTED REF B, A COMPARABLY AMICABLE SOLUTION TO NON-PERFORMANCE UNDER A WHEAT CONTRACT WAS ALSO REACHED, ALTHOUGH IT IS NOT CLEAR IN THE LATTER CASE WHETHER THE BUYER OR THE SELLER WAS THE MORE RELIEVED. PRESSING FILIPINOS, AS WE SEEM TO BE PER REF C, FOR MORE OR LESS CATEGORICAL PERFORMANCE UNDER EXISTING COTTON CONTRACTS, IS NOT MADE IN ANY DEGREE MORE LIKELY OF SUCCESS BY REPORTS OF THE CHINESE CANCELLATION, UNSUPPORTED BY ANY VERY CONCRETE INDICATION THAT APPROPRIATE PENALTIES WERE SOUGHT AND PAID. RATHER IT IS FOREGONE THAT IF THE CHINESE HAVE ESCAPED WITHOUT EXACTION OF A SUITABLY PAINFUL LOOKING POUND OF FLESH, THE FILIPINOS WILL FEEL DOUBLY PUT UPON BY ANY PENALTY.

2. IT IS IMPORTANT IN THIS PERSPECTIVE THAT WE HAVE THE
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BEST AVAILABLE INFORMATION ON THE REPORTED CHINESE SETTLE-

MENT. DEPARTMENT IS REQUESTED THEREFORE TO PROVIDE AS SOON
AS POSSIBLE THE DETAILS OF SETTLEMENT CITED REF A, AS WELL
AS BACKGROUND ON RECENTLY REPORTED CANCELLATIONS OF WHEAT
CONTRACTS.
SULLIVAN

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NNN

Message Attributes

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Margaret P. Grafeld
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